

Subchapter Thirteen: Budget Procedures

1.13.010 Purposes.

The purposes of this ordinance are to adopt rules governing the proceedings for administering the financial affairs of the City, to establish a standard procedure for the preparation and administration of budgets, and to place responsibility for the tasks related to budget preparation and administration. The provisions of this chapter are intended to enable the City Council to make financial plans for both current and long-term expenditures, to insure that the executive staff administers its respective functions in accordance with the plans set forth in this chapter, and to permit taxpayers and investors to form intelligent opinions based on sufficient information as to the financial policies and administration of the City. For the accomplishment of this purpose, the provisions of this chapter shall be broadly construed.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98]

1.13.020 Definitions.

For the purposes of this chapter, unless otherwise apparent from the context, certain words and phrases used in this chapter are defined as follows:

Appropriation shall mean an authorization granted by the City Council to make expenditures and to incur obligations for specific purposes.

Budget shall mean a plan of financial operation setting forth estimated revenues, authorized operating expenditures, authorized capital expenditures and reserves for the applicable fiscal year, and shall include all proper adjustments or amendments thereto.

Capital outlay shall mean an expenditure for assets having a value of ten thousand and no/100 dollars (\$10,000) and a useful life of more than two (2) years and which is required by generally accepted accounting principles to be capitalized.

Capital project shall mean all related expenditures, including design, inspection, financing, acquisition of real property, and the like, for a public improvement, such as a public building, utility installation, street or bridge construction, or other public works.

Encumbrance shall mean an obligation in the form of a purchase order or contract.

Expenditure shall mean any charge incurred.

Fiscal year shall mean the year beginning on July 1 each year and shall end on June 30 of the subsequent year.

Full Time Equivalent means the decimal equivalent of a full-time employment position; i.e., one full time position is 1.00 FTE and one quarter-time position is .25 FTE.

Reserve shall mean that amount set aside for future projects, contingencies, and unforeseen events.

Surplus balance shall mean that portion of a given fund which is not segregated or reserved for specific purposes, including, but not limited to, unallocated funds from previous years and revenues received in excess of estimated revenues and requirements.

Unencumbered appropriation shall mean that portion of an appropriation not yet expended or encumbered.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98; ORD. 666, 2/13/08]

1.13.030 Procedure for Adoption of Budget

(a) The City Manager shall submit to the City Council a proposed budget on or about May 31 of each year.

(b) Prior to adopting the budget, the Town shall post notice of and hold at least one public meeting followed by one public hearing on the proposed budget, which shall be at least five days apart. The budget may be adopted at the same meeting at which there is the public hearing.

(c) The budget for the ensuing fiscal year shall be adopted not later than June 30 and shall be adopted by resolution of the City Council.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98]

1.13.040 Proposed Budget and Budget Message.

(a) The proposed budget shall include, but not be limited to:

- (1) The City Manager's budget message;
- (2) Line item schedules of revenue by source;
- (3) Line item schedules of expenditures by department and function or by program;
- (4) A summary of estimated available fund balances;
- (5) Line item schedules of reserve(s); and
- (6) The appropriation limitation for the budget year.

(b) The budget message submitted by the City Manager shall explain the budget, contain an outline of the proposed financial policies for the fiscal year, and describe the important features of the budget plan. The budget message shall set forth the reasons for important or significant

changes from the current year in appropriation and revenue items and shall explain any major changes in financial policy.

(c) As a part of the budget message, the City Manager shall include, or attach thereto, a program of proposed capital projects for the budget year and (for planning purposes only) the four (4) fiscal years next succeeding the budget year, together with comments thereon and any estimates of costs prepared. The adoption of a budget for a fiscal year shall not be an authorization of the capital projects for subsequent years described in the budget message except as specifically authorized by the City Council.

(d) Attached to the budget message shall be such supporting schedules, exhibits, and other explanatory material, in respect to both current operations and capital improvements, as the City Manager believes useful to the governing body. The proposed budget shall include historical data on revenue and expenditures by major category.

[History: ORD. 503, 12/11/96; ORD 533, 7/8/98]

1.13.050 Adoption; Effect.

(a) The adoption of a budget, an amended budget, or a supplemental appropriation shall constitute an authorization to the appropriate Department Head to expend funds for the items specified in the budget up to the total annual amount specified for that line item, subject to the limitations set forth in this ordinance.

(b) Upon adoption, the budget shall be in effect for the entire fiscal year, subject to adjustment or amendment as set forth in this ordinance.

[History: ORD. 503, 12/11/96; ORD 533, 7/8/98]

1.13.060 Failure to Adopt.

If the City Councils fail to adopt the budget on or before June 30, the proposed budget, as submitted, shall constitute an appropriation as to all expenditures proposed therein until August 31 or until further action by the City Council, whichever occurs first, except that such failure to adopt shall not authorize the hiring of an additional employee or the expenditure for any capital outlay requested in the proposed budget. The sole purpose of this section is to provide for continuing authority to incur expenditures for a period of sixty (60) days pending final City Council action on the budget.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98]

1.13.070 Adjustments to Budget.

(a) Within thirty days after adoption of a Budget or amended Budget by the City Council, the City Manager may adjust the budget or amended budget for any of the following purposes:

- (1) To conform any authorized expenditure or estimated revenue, including any Budget Schedule in the Budget Message, to final City Council action adopting the Budget;
 - (2) To reflect all required debt service payments in accordance with the official statements filed by the City's auditors; or
 - (3) To complete any capital improvement project or discharge any obligation under contract or purchase order previously authorized by the City Council.
- (b) At any time after adoption of a Budget or amended Budget by the City Council but within thirty days after receipt of the following information, the City Manager may adjust the budget or amended budget for any of the following purposes
- (1) To reflect changes relating to personnel obligations, such as retirement rates, payroll taxes, health benefits and salary increases mandated by a Memorandum of Understanding with an employee bargaining unit; or
 - (2) To reflect changes in other insurance costs, such as liability insurance, workers=compensation insurance, and deductibles.
- (c) The adjustments authorized by this section shall include an increase in authorized expenditure and the transfer of funds from an undesignated line item to the adjusted line item, or vice versa.
- (d) The City Manager shall make a written report to the City Council by August 31 explaining each adjustment and the reasons therefore.

[History: ORD. 503, 12/11/96; ORD 533, 7/8/98]

1.13.080 Amendments to Budgets.

The City Council may adopt amendments to the budget, make revisions, or approve supplemental appropriations.

[History: ORD. 503, 12/11/96; ORD 533, 7/8/98]

1.13.090 Budget Administration.

(a) The City Manager shall have charge of the administration of the financial affairs of the City and to that end shall supervise and be responsible for the disbursement of all moneys and have control over all expenditures to insure that appropriations are not exceeded. The City Manager shall institute such procedures as may be necessary to discharge this responsibility, including a purchase order procedure.

(b) The City Manager will be responsible for assuring that expenditures do not exceed the total appropriation for all capital projects by reviewing monthly project reports to identify potential project overages and determining how to address the overage; and, signing off as final approval on all expenditure budget adjustments.

(c) The City Manager shall develop the necessary procedures for the effective implementation of this chapter.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98; ORD. 666, 2/13/08]

1.13.100 Reporting.

(a) The City Manager shall file with the City Council monthly reports on the appropriation status and revenue receipts and shall advise the City Council of significant deviations from the adopted budget.

(b) Each fiscal year, the City Manager shall perform a mid-year review to evaluate the Town's fiscal performance, fund availability for the total appropriation, and department needs and accomplishments. Potential overages and the use of potential savings should be compiled in a report and presented to the City Council for consideration.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98; ORD. 666, 2/13/08]

1.13.110 Transfers of Balances and Reserves.

(a) A Department Head may transfer any unencumbered appropriation balance or reserve from one line item to another within his or her department, and shall promptly report such transfer to the City Manager.

(b) The City Manager may transfer funds from any unencumbered balance of any appropriation for a department or program to another department or program, or from the Operating Reserve of the General Fund to any department, program or other fund, provided, however, that the total of all such transfers for any department, program, or fund shall not increase or reduce the appropriation for that department, program or fund by more than fifty thousand dollars (\$50,000) in the fiscal year.

(c) On occurrence of a condition for which a reserve designated in section 1.13.150(a)(1) through (4) was created, the City Manager may transfer funds from the appropriate reserve, up to the balance of such reserve, to the appropriate department, program or line item in the operating budget to abate the condition for which the reserve fund was created. Any such transfer shall be reported to the City Council within thirty days.

(d) No transfer shall be made from the Employee Benefit Reserve or from the General Reserve without express approval of the City Council given at an open and public meeting.

- (e) No transfer shall be made from any line item, department, program or fund which would create a negative balance in the line item, department, program or reserve fund.

[History: ORD. 503, 12/11/96; ORD 533, 7/8/98; ORD 666, 2/13/08]

1.13.120 Lapse of Appropriations and Transfers to Reserves.

All appropriations shall lapse and be transferred to fund balances at the end of the budget year to the extent that they shall not have been expended, lawfully encumbered, or placed in a reserve.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98]

1.13.130 Appropriation Limitations.

The budget adopted shall not exceed the appropriation limit for the budget year. The total expenditures for each fund must be balanced with estimated revenues, a transfer from reserves, and other available resources for that fund.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98]

1.13.140 Other Limitations.

(a) All expenditures of funds shall comply with all other Town ordinances, including the Town's Purchasing Ordinance. All capital outlays shall be approved by the City Council. The cancellation (without completion) of a capital outlay must also be approved by the City Council.

(b) No expenditures at the department level shall exceed the Approved or Amended Budget, by fund.

(c) Projected deficiencies in any department by fund must be corrected by:

- (1) An inter-departmental appropriation transfer; or
- (2) An appropriation transfer from Reserves.

(d) If additional funds are not available to correct a projected deficiency, the City Manager shall take such steps necessary to reduce expenditures in said department, including a freeze on filling vacant positions or restrictions on purchase orders.

(b) The City Council shall act on any projected fund deficits prior to the close of the Fiscal Year.

[History: ORD. 503, 12/11/96; ORD. 533, 7/8/98; ORD 666, 2/13/08]

1.13.150 Reserves.

- (a) The budget shall contain reserves within the General Fund as follows:
- (1) A Litigation Reserve for costs and attorneys' fees necessary for the continuation of ongoing litigation previously authorized by the City Council, or the initiation or defense of new litigation authorized by the City Council after adoption of a budget for the fiscal year in which the litigation commenced;
 - (2) An Insurance Reserve for any deductibles charged to the Town by its insurance carrier(s);
 - (3) A Disaster Preparedness Reserve for costs of emergency repairs to or replacements of parts of the Town infrastructure damaged by any natural or man-made disaster, or to abate or prevent further damage to life or property;
 - (4) An Operating Reserve for operating costs or capital improvement costs that cannot be met because of a shortfall in estimated revenues or an increase in expenditures or for authorized operational costs during periods when current fiscal year revenues have been accrued but not actually received;
 - (5) An Employee Benefits Reserve for employees' accrued leaves not funded by the operating budget; and
 - (6) A General Reserve, which shall consist of the balance of all funds not otherwise appropriated or accounted for.
- (b) Transfers from any of these reserves may be made pursuant to section 1.13.110.
- [History: ORD. 503, 12/11/96; ORD. 533, 7/8/98; ORD 666, 2/13/08]

